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FISCAL IMPACT REPORT

SPONSOR: Lyons DATE TYPED: 02/08/02 HB _____

SHORT TITLE: State Highway Projects SB 156/aSCORC

ANALYST: Neel

REVENUE

FY 04	FY 05	FY 06	FY 07	FY 08	Funds Affected
\$(21,740.0)	\$(45,640.0)	\$(71,880.0)	\$(100,632.0)	\$(132,080.0)	General Fund
\$ 21,740.0	\$ 45,640.0	\$ 71,880.0	\$ 100,632.0	\$ 132,080.0	State Road Fund

SOURCES OF INFORMATION

LFC files
 Taxation and Revenue Department (TRD)
 State Highway Department (SHD)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment added an additional project to the existing 18 projects listed on the original bill.

Synopsis of Original Bill

Senate Bill 156 amends statute to incrementally shift Motor Vehicle Excise Tax revenues from the General Fund to the State Road Fund over a five year period in the following percentages:

FY 03	General Fund – 100%	State Road Fund – 0%
FY 04	General Fund – 80%	State Road Fund – 20%
FY 05	General Fund – 60%	State Road Fund – 40%
FY 06	General Fund – 40%	State Road Fund – 60%
FY 07	General Fund – 20%	State Road Fund – 80%
FY 08	General Fund – 0%	State Road Fund – 100%

SB 156 also amends the aggregate outstanding principal amount of bonds that the state can issue for state highway projects to approximately \$1.7 billion. The bill also proposes 18 new highway projects around the state.

FISCAL IMPLICATIONS

TRD notes that the fiscal impact estimate assumes a 5% growth rate in the Motor Vehicle Excise Tax for all years after FY03.

OTHER SUBSTANTIVE ISSUES

According to the SHD, State Road Fund revenue growth has never tended to keep pace with inflation in the absence of legislative attention; and now has been adversely affected by state tax-exempt gasoline sold by Native American distributors and by recent litigation over tax qualification (TQ) card fees. Additional limitations on construction and maintenance are imposed by the requirement the department pay gross receipts tax on contracted projects, and by the Legislature's transfer of some road fund money to other state agencies.

Over a twenty-year period, the Long Range Plan anticipates revenues totaling \$6.6 billion, while projected needs for improvements to state highways (\$12.3 billion) and economic development (\$1.2 billion) total \$13.5 billion. Long Range Plan highway needs estimates are very conservative. Totals do not include inflation estimates or other ancillary costs often associated with highway projects that can run 15% or more above projected costs. Projected needs also do not include costs associated with rehabilitation of non-deficient road segments that are contiguous with deficient segments that might be included in corridor projects. In addition, the department's Middle Rio Grande Long Range Major Transportation Investment Study has identified extensive long-term highway needs for the state's most populous and economically important region that are not included in the Long Range Plan projections.

TECHNICAL ISSUES

The reference to "*New Mexico 550*" in Section 3, Subsection A, Paragraph 6 may be a reference to U.S. Highway 550 (previously New Mexico 44).

OTHER SUBSTANTIVE ISSUES

During FY80, 25% of the Motor Vehicle Excise Tax was directed to the State Road Fund, and that amount was increased to 75% in FY 81. From FY82 through FY87, 100% of the tax was directed to the State Road Fund. During FY88 through FY91 portions were redirected to the General Fund and the Local Governments Road Fund, leaving the State Road Fund with a 41.7% share of the tax. In FY92 the State Road Fund's share of the tax was redirected to the General Fund.

SN/ar